



**ace usa**

Office of Regulatory  
Compliance  
Routing WB04G  
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USA  
**Viola McBride**  
Associate Product Manager

215-640-5238 tel

viola.mcbride@acegroup.com  
www.acegroup.com

February 23, 2010

Insurance Commissioner  
State of Illinois  
320 W. Washington Street  
Springfield, Illinois 62767-0001

**FILED**

JUL 01 2010

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS

RECEIVED  
LAH - PPO

FEB 24 2010

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD

Re: Company ACE USA #0626

NAIC#  
22667

FEIN  
95-2371728 ✓

**RATE/RULE** ACE American Insurance Company  
Podiatrists Program- Rate Filing  
Our Filing Number: 10-MR-2008732

Dear Commissioner:

ACE American Insurance Company has a Podiatrists Professional Liability Program approved for use in your state. This filing proposes to implement a 10% increase in the rates for that program, effective April 1, 2010.

We are also correcting the Premium Installment Rule, to make it consistent with Illinois requirements. Our last Podiatrists rate filing was approved in your state on 1/2007 under our filing number 06-PR-450.

We have attached our manual pages, along with actuarial data, in support of this filing.

Sincerely,

*Viola McBride*

Viola McBride

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MEM  
RAT  
Jeh

ACE American Insurance Company,  
Illinois  
Podiatrist  
Actuarial Certification

1

**Statement of Actuarial Opinion**

215 ILCS 5/155.18

In my opinion, the rates proposed in this filing are based on sound actuarial principles and are not inconsistent with the company's experience.

Name: Nanette Tingley

Title: Vice President and Actuary

Accreditation: A.C.A.S., M.A.A.A.

Date: February 2, 2010

Signature:



## Neuman, Gayle

---

**From:** McBride, Viola [Viola.McBride@acegroup.com]  
**Sent:** Thursday, May 20, 2010 2:32 PM  
**To:** Neuman, Gayle  
**Cc:** Clouser, Caroline  
**Subject:** RE: ACE American Ins Co - Rate/Rule Filing #10-MR-2008732

Dear Ms. Neuman,

We have not placed this filing into effect. We are requesting an effective date of July 1, 2010.

Sincerely,

Viola McBride

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Thursday, May 20, 2010 2:55 PM  
**To:** McBride, Viola  
**Subject:** ACE American Ins Co - Rate/Rule Filing #10-MR-2008732

Ms. McBride,

The Department of Insurance has now completed its review of the filing referenced above. Originally, ACE American requested the filing be effective April 1, 2010. Was the filing put in effect on April 1, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at [www.insurance.illinois.gov](http://www.insurance.illinois.gov).

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**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	09-MR-2008732
<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

☒ Rate Increase

☐ Rate Decrease

☐ Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	Use & file
<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>	

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Ace American Insurance Company	28.5%	10.0%	\$20,683.90	29	\$206,838.99	10.0%	10.0%

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
------------	--

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5. Overall Rate Information (Complete for Multiple Company Filings only)</b>			
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		COMPANY USE	STATE USE
<b>5a.</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b.</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d.</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	na
<b>7.</b>	<b>Effective Date of last rate revision</b>	1/2007
<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	Use & file

<b>9.</b>	<b>Rule # or Page # Submitted for Review</b>	<b>Replacement or Withdrawn?</b>	<b>Previous state filing number, if required by state</b>
01	PO-IL-1 through 17	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	06-PR-450
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate &amp; Rule; Reference; Loss Cost; Loss Cost &amp; Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	09-MR-2008505
<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

☒ Rate Increase☐ Rate Decrease☐ Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	Use & file
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Ace American Insurance Company	14.7%	10.0%	\$20,683.90	29	\$206,838.99	10.0%	10.0%

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

<b>5. Overall Rate Information (Complete for Multiple Company Filings only)</b>			
		COMPANY USE	STATE USE
<b>5a.</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b.</b>	<b>Overall percentage rate impact for this filing</b>		
<b>5c.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>		
<b>5d.</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>		

<b>6.</b>	<b>Overall percentage of last rate revision</b>	na
<b>7.</b>	<b>Effective Date of last rate revision</b>	1/2007
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01	PO-IL-1 through 17	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	06-PR-450
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**Neuman, Gayle**

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**From:** McBride, Viola [Viola.McBride@acegroup.com]  
**Sent:** Friday, March 05, 2010 2:20 PM  
**To:** Neuman, Gayle  
**Cc:** Loughran, Jennifer M  
**Subject:** RE: ACE American - Podiatrist Filing #10-MR-2008732  
**Attachments:** Illinois(red)3-5-10.doc; Illinois 3-5-10 rev.doc

Dear Ms. Neuman,

Our responses to your comments are as follows:

1. The wording "no interest charges or installment fees will be charged" has been restored.
2. We report our statistics to ISO.
3. The Extended Reporting Period is unlimited. Rule 18 has been revised to reflect this.

We have attached our revised manual pages.

Thank you.

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Monday, March 01, 2010 3:04 PM  
**To:** McBride, Viola  
**Subject:** ACE American - Podiatrist Filing #10-MR-2008732

Ms. McBride,

I am in receipt of the above referenced filing submitted with your letter dated February 23, 2010.

In the changes made to the premium payment installments section, wording indicating "no interest charges or installment fees will be charged" was removed. I am requesting the wording be included if that is the company's position. If the company plans to charge either, then wording regarding such should be provided.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

In regard to the extended reporting period that can be purchased, it is for 12 months or unlimited? The wording fails to disclose this information.

I request receipt of your response no later than March 5, 2010.

*Gayle Neuman*

Illinois Department of Insurance  
Property & Casualty Compliance  
(217) 524-6497

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3/8/2010

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**RATING RULES**

**29. ANNUAL PERIOD – APPLICABLE TO ALL COVERAGES**

All rates and premium referred to in this program are for an annual period.

**30. PREMIUM ADJUSTMENTS – APPLICABLE TO ALL COVERAGES**

Premium adjustments involving an additional premium or renewal premium of \$15 or less shall be waived except a return premium due, if requested by the insured, shall be granted.

**31. ROUNDING RULE – APPLICABLE TO ALL COVERAGES**

All premiums shown on the policy and endorsements will be rounded to the nearest whole dollar. A premium of \$ .50 or more will be rounded to the next highest whole dollar.

**32. LOCATION OF PRACTICE – APPLICABLE TO PROFESSIONAL LIABILITY COVERAGE**

The rates contemplate 50% or greater exposure derived from professional practice within the rating state. Podiatrists with exposures outside the rating state are acceptable if the rating state criteria are met.

**33. CANCELLATION OF POLICY – APPLICABLE TO ALL COVERAGES**

If the policy is canceled, the return premium will be 100% of the pro rata unearned premium.

**34. SHORT TERM PREMIUM CALCULATIONS – APPLICABLE TO ALL COVERAGES**

Premiums for periods of less than one full year of coverage will be the pro rata portion for that year.

**35. PREMIUM PAYMENT INSTALLMENTS**

A quarterly installment premium payment plan shall be offered as follows:

1. For annual premiums up to and including \$80,000: (a) an initial payment equal to 40% of the premium due at policy inception; and (b) a second, third and fourth payment equal to 20% of the premium due 3, 6 and 9 months from policy inception, respectively; and
2. For premiums in excess of \$80,000: (a) an initial payment equal to 25% of the premium due at policy inception; and (b) a second, third and fourth payment equal to 25% of the premium due 3, 6 and 9 months from policy inception, respectively.

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction.



**Example:** A podiatrist terminates coverage with the prior carrier and requests Prior Acts coverage from the Company. A policy effective date of 6-1-95 and a Retroactive Date of 1-1-93 are requested. The premium charge would be the third-year claims-made premium, prorated for the short term (6-1-95 to 1-1-96). On 1-1-96 a fourth year claims-made policy would be issued at the fourth year claims-made rate.

**18. EXTENDED REPORTING PERIOD (TAIL)**

- A. A podiatrist who is insured on a claims-made policy and whose policy terminates for any reason may elect to buy coverage for claims which are reported after his or her policy ends. The premium for the Extended Reporting Period (tail) endorsement shall be 200% of the expiring annual premium.
- B. A podiatrist who retires and leaves the Company before the free tail is available may purchase a tail at a reduced cost by applying the appropriate factor to the ERP premium shown in the rate pages as follows:

<u>Years with the Company</u>	<u>Vesting Factor</u>
0	1.00
1	.80
2	.60
3	.40
4	.20
5	FREE

- C. If no Extended Reporting Period is purchased by the policyholder, a Basic Extended Reporting Period of sixty (60) days is automatically provided without charge subject to the specific terms and conditions outlined in the Extended Reporting Period Coverage section of the policy form.

**19. ADDITIONAL INSURED – AVAILABLE ON PROFESSIONAL & BUSINESS LIABILITY COVERAGE FORMS**

Managers or Lessors of Premises -	No Charge
Leased Equipment-	No Charge
Designated Person or Organization:	
A – Non Professional Persons/Organizations	2% of Modified Premium
B – Professional Persons/Organizations	15% of Modified Premium
C – Name on Door	\$100 flat charge

**20. A. EMPLOYMENT PRACTICES LIABILITY – PROFESSIONAL LIABILITY**

Optional coverage for Employment Practices Liability is available.

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**1. PROFESSIONAL LIABILITY STATE RATES**

TERRITORY 1 (Cook County) .....	PO-IL-14
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**1. BASE RATES – PROFESSIONAL LIABILITY**

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM      PO-IL-2**  
**RATES AND RULES - ILLINOIS**

TERRITORY 2 (Dupage, Will and Lake Counties) ..... PO-IL-15

1.      BASE RATES – PROFESSIONAL LIABILITY

TERRITORY 3 (Remainder of State) ..... PO-IL-16

1.      BASE RATES – PROFESSIONAL LIABILITY

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**5. OPTIONAL BUSINESS LIABILITY COVERAGE and BASE LIMITS OF INSURANCE**

Coverage C:	Podiatrists Business Liability - <i>(Coverage C includes Bodily Injury, Property Damage, Personal and Advertising Injury, Products/Completed Operations and Fire and Water Legal Liability)</i>	\$100,000 Each Occurrence
Podiatrists Business Liability (Coverages C and E only)		\$300,000 Combined Annual Aggregate
Products/Completed Operations Hazard		\$300,000 Annual Aggregate
Coverage D:	Medical Expenses -	\$5,000 Each Person
Coverage E:	Hired and Non-Owned Auto	\$100,000 Each Occurrence

**6. A. INCREASED BUSINESS LIABILITY LIMITS OF INSURANCE**

Higher Limits available upon request for Coverage C: Each Claim / Annual Aggregate (\$000):  
200/600, 250/750, 500/1500, 1000/1000, 1000/3000. For higher limits – Refer to Company.

**B. OPTIONAL BUSINESS LIABILITY INCREASED LIMITS TABLE / MINIMUM PREMIUM**

The Base premium for Coverage C and E is \$30 at limits of \$100K/\$300K. Limits of Insurance can be increased by using the Increased Limit Table below. However:

- Business Liability Limits of Insurance must match the Professional Liability Limits of Insurance.
- Charge is per podiatrist.
- Hired and Non-Owned Auto Limit of Insurance must match the Professional Liability Limits of Insurance up to a maximum of \$1,000,000 – Each Occurrence.
- An independent contractor podiatrist practicing at more than one location will be charged one premium for all locations.
- The independent contractor podiatrist's premium can be modified by a factor of .75 when the podiatrist is working at more than one location and is working between 20-30 hours per week. If working less than 20 hours. – See Rule 7.A.
- The increased Limits are subject to a per policy minimum Podiatrists Business Liability Premium as follows:

<b>Limits of Insurance (\$000) Each Claim/Annual Aggregate</b>	<b>Increased Limit Factors</b>	<b>Per Policy Minimum</b>
\$200/\$600	1.14	40
\$250/\$750	1.16	42
\$500/\$1,500	1.21	45
\$1000/\$1000	1.25	48
\$1,000/\$3,000	1.28	50
Higher Limits	Refer to Company	Refer to Company

Deleted: Revised

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Deleted: 2007

**7. RATE MODIFIERS – PROFESSIONAL LIABILITY**

All credits and debits developed in this section are multiplicative. Add the resulting factor to 1.00 and multiply the result by the total of all premium developed from the rate pages. **The maximum for any combination of debits or credits is 50%. The maximum combination does not apply to the Newly Graduated Podiatrist, the Part-time Podiatrist or Risk Management Credits.**

**A. Discount Credits –PROFESSIONAL LIABILITY:**

**Newly graduated podiatrist:**

-A "new" podiatrist is eligible for the following credits when the podiatrist:

- has completed podiatric training within the six months previous to taking the board exam for his/her license,
- is a foreign graduate from an accredited podiatric school entering podiatric practice for the first time.

First year in practice	60%
Second year in practice	40%
Third year in practice	25%
Fourth year in practice	15%

**Part-time podiatrist:**

<u>Average No. of Hrs. Practiced Per Week</u>	<u>Available Credit</u>
0-10	60%
11-20	40%
21-29	25%
30 or more	0%

**Full-time podiatric faculty:**

Podiatrists who teach at a podiatric school or similar institution in addition to their podiatry practice are eligible for a premium discount based on the number of hours treating patients in their own practice as follows:

-with school verification and average 0 - 10 hours/week or less practicing podiatry	50%
-with school verification and average 11 - 20 hours/week or less practicing podiatry	30%
-with school verification and average 21 - 30 hours/week or less practicing podiatry	20%

- B. Risk Management – Classes/Seminars/Workbooks**      10%  
 (All non-company Risk Management credits are subject to Company approval for credit)

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 Deleted: 2007

C. 1. Schedule Rating – Maximum debit or credit 50%:

	<u>Credit</u>	<u>Debit</u>
<b><u>Experience of Dr. and Staff</u></b> -based on number of years in practice	0-25%	0-25%
<b><u>Training / Education</u></b> -training or lack of training in surgical areas the podiatrist is performing procedures	0-25%	0-25%
<b><u>Record Keeping</u></b> -Documentation (electronic / transcribed) of patient history, records, and procedures, or -lack of documentation	0-25%	0-25%
<b><u>Use of Anesthesia</u></b> -use of or lack of use of IV/IM, Conscious Sedation	0-25%	0-25%
<b><u>Advertising Material</u></b> -appropriate, non-inflated -inappropriate, over-inflated	0-25%	0-25%
<b><u>Unusual Risk Characteristics</u></b> -practice characteristics not contemplated in basic premium -increased/decreased risk -number of patients -works at multiple locations -out of state exposures	0-25%	0-25%
<b><u>Patient Profile</u></b> -High/low numbers of risky procedures on high risk patients (diabetics, trauma patients, children, sports medicine, athletic teams)	0-25%	0-25%
<b><u>Gaps in Coverage</u></b> -practicing without malpractice insurance	-----	0-25%
<b><u>Board Examiner (BE)/Medicare Actions</u></b> -negative outcomes at peer review or other disciplinary body activity	-----	0-25%
<b><u>Surgical Procedures</u></b> -high numbers of high risk surgical procedures	-----	0-25%

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Deleted: 2007

**D. EXPERIENCE RATING – PROFESSIONAL LIABILITY**

Maximum debit, 50% / maximum credit, 15%

**DEBITS:**

Based on the claim history of an individual podiatrist over the preceding five-year period, a debit not to exceed 50% shall be applied to the podiatrist's rate. A chargeable loss is calculated by adding all loss payments and reserves (including defense costs) for a loss, minus the deductible applicable to that loss. Criteria used to determine the application of such debits follow:

		<b>Total of All Claims Amount</b>			
		<b>1 loss</b>	<b>2 losses</b>	<b>3 losses</b>	<b>4 losses</b>
<b>\$0</b>	- <b>\$3,000</b>	1.05	1.10	1.15	1.20
<b>\$3,001</b>	- <b>\$10,000</b>	1.10	1.15	1.20	1.25
<b>\$10,001</b>	- <b>\$20,000</b>	1.15	1.20	1.25	1.30
<b>\$20,001</b>	- <b>\$30,000</b>	1.20	1.25	1.30	1.35
<b>\$30,001</b>	- <b>\$40,000</b>	1.25	1.30	1.35	1.40
<b>\$40,001+</b>		1.30	1.35	1.40	1.50

Debits will be adjusted each year, dependent upon annual review of claims experience.

**CREDITS:**

Credits not to exceed 15% will be applied (subject to the length of time insured by the company) based on the absence of claims over the preceding five-year period, according to the following schedule:

5+ years claim free = .85  
 3-4 years claim free = .90  
 0-2 years claim free = 1.00

**8. OPTIONAL MEDICARE/MEDICAID LEGAL EXPENSE REIMBURSEMENT COVERAGE – PROFESSIONAL LIABILITY**

Limit: \$30,000 per Action / \$30,000 Annual Aggregate Limit.

\$200 Charge – subject to modifiers.

**9. OPTIONAL MEDICAL WASTE LEGAL EXPENSE REIMBURSEMENT COVERAGE – PROFESSIONAL LIABILITY**

Limit: \$50,000 Per Suit / \$50,000 Annual Aggregate Limit.

No Charge.

**10. OPTIONAL NON-PHYSICIAN ASSISTANT COVERAGE – PROFESSIONAL LIABILITY**

\$100 Charge.

**11. VICARIOUS LIABILITY – Independent Contractors**

A. Podiatrist employed by insured: charge 10% of applicable company rate

B. Podiatrist engaged by insured as an independent contractor: charge 10% of the applicable company rate

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- C. Podiatrist practicing in offices where insured provides practice management services: charge 2.5% of the applicable company rate
- D. Podiatrists providing services on a "fee for service" based indemnity plan provided by the insured: charge 2.5% of the applicable company rate
- E. Podiatrists providing services as a "preferred provider" under an insurance plan provided by the insured: charge 5% of the applicable company rate
- F. Podiatrists providing services on a "capitated" basis under an insurance plan provided by the insured: charge 10% of the applicable company rate

Podiatrists in categories in categories A - F above who are insured by the company, charge is \$0.

Premium charges for podiatrists not insured by the company in categories A - F shall be multiplied by the full time equivalent factor of the time the podiatrist is or was practicing on behalf of the insured. For example, an independent contractor podiatrist who spends 60% of his time practicing on patients of the insured would be charged 60% of the rates developed by these rules.

Podiatrists in categories B - F who:

- 1: provide evidence of insurance coverage at limits equal to insured's - apply 25% credit to above premium charges
- 2: name the insured as an additional insured on their policy - apply 25% credit to above premium charges

## **12. VICARIOUS LIABILITY – Extended Reporting Period for Entity (Corporation , Practice Owners)**

- A. If a podiatrist who has been either employed or engaged as an independent contractor by a group or practice leaves the group and has purchased Extended Reporting Period (tail) coverage or provides proof of coverage with another carrier, the group or practice owner may purchase a coverage for it's vicarious liability exposures from the departed podiatrist. A charge of:
  - 10% of the applicable tail premium for podiatrists who have departed within 12 months of policy inception;
  - 7.5% of the applicable tail premium for podiatrists who have departed more than 12 months up to and including 24 months prior to policy inception;
  - 5% of the applicable tail premium for podiatrists who have departed more than 24 months up to and including 36 months prior to policy inception;
  - 0% of the applicable tail premium for podiatrists who have departed more than 36 months prior to policy inception.
- B. If a podiatrist employed by a group or practice leaves without having purchased Extended Reporting Period (tail) coverage or does not provide proof of coverage with another carrier, the group or practice owner may purchase a coverage for it's vicarious liability exposures from the departed podiatrist A charge of:
  - 25% of the applicable tail premium for podiatrists who have departed within 12 months of policy inception;
  - 20% of the applicable tail premium for podiatrists who have departed more than 12 months up to and including 24 months prior to policy inception;
  - 15% of the applicable tail premium for podiatrists who have departed more than 24 months up to and including 36 months prior to policy inception;
  - 0% of the applicable tail premium for podiatrists who have departed more than 36 months prior to policy inception.

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**13. GROUP AFFILIATION CREDIT – PROFESSIONAL LIABILITY**

Risks with membership in an accredited podiatric society or organization will receive a 5% premium credit.

**14. GROUP POLICY DISCOUNT – PROFESSIONAL LIABILITY**

A single group practice policy issued to three or more insureds and generating a premium of at least \$15,000 shall be eligible for a premium discount determined by the following table:

Premium Before Discount	Factor
15,000 – 30,000	.940
30,001 – 50,000	.930
50,001 – 100,000	.910
100,000 +	Refer to Company

**15. SIZEABLE RISKS – PROFESSIONAL LIABILITY**

Risks developing annualized manual premium of \$50,000 for groups or healthcare providers may be (a) rated or require an Individual Risk Filing with the State Department of Insurance. Submit to Company for consideration.

**16. PROFESSIONAL SOCIETIES - PROFESSIONAL LIABILITY**

Professional Liability coverage may be provided to state or local societies or organizations established to support the podiatric professional community. A Component Society will not be covered unless the Insured Society has been issued a policy by the company. The following premiums will apply.

Organization:	Premium:
Insured Society	\$250
Component Society (Member of Ins. Society)	\$100

**17. PRIOR ACTS – PROFESSIONAL LIABILITY**

**Claims-Made Coverage**

To cover claims that are reported after termination of the prior claims-made policy, a podiatrist may choose to purchase coverage from us rather than buying "tail" coverage from the prior carrier. This "Prior Acts" (nose) coverage is available to podiatrists who have been insured by a claims-made policy immediately prior to the effective date of our policy and who did not purchase tail coverage from the prior insurer. The following procedure applies:

1. If our policy effective date falls on an anniversary of the Retroactive Date, the claims-made year for rating purposes is the number of consecutive years of claims-made coverage plus one.
2. If our policy effective date does not fall on an anniversary of the Retroactive Date, a short-term policy will be issued whose expiration date is the next anniversary of the Retroactive Date. The claims-made year is the number of prior consecutive years of claims-made coverage rounded up to the next whole year. The short-term policy premium is the prorated premium for that claims-made year.

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**Example:** A podiatrist terminates coverage with the prior carrier and requests Prior Acts coverage from the Company. A policy effective date of 6-1-95 and a Retroactive Date of 1-1-93 are requested. The premium charge would be the third-year claims-made premium, prorated for the short term (6-1-95 to 1-1-96). On 1-1-96 a fourth year claims-made policy would be issued at the fourth year claims-made rate.

**18. EXTENDED REPORTING PERIOD (TAIL)**

- A. A podiatrist who is insured on a claims-made policy and whose policy terminates for any reason may elect to buy coverage for claims which are reported after his or her policy ends. The premium for the Extended Reporting Period (tail) endorsement shall be 200% of the expiring annual premium.
- B. A podiatrist who retires and leaves the Company before the free tail is available may purchase a tail at a reduced cost by applying the appropriate factor to the ERP premium shown in the rate pages as follows:

<u>Years with the Company</u>	<u>Vesting Factor</u>
0	1.00
1	.80
2	.60
3	.40
4	.20
5	FREE

- C. If no Extended Reporting Period is purchased by the policyholder, a Basic Extended Reporting Period of sixty (60) days is automatically provided without charge subject to the specific terms and conditions outlined in the Extended Reporting Period Coverage section of the policy form.

**19. ADDITIONAL INSURED – AVAILABLE ON PROFESSIONAL & BUSINESS LIABILITY COVERAGE FORMS**

Managers or Lessors of Premises -	No Charge
Leased Equipment-	No Charge
Designated Person or Organization:	
A – Non Professional Persons/Organizations	2% of Modified Premium
B – Professional Persons/Organizations	15% of Modified Premium
C – Name on Door	\$100 flat charge

**20. A. EMPLOYMENT PRACTICES LIABILITY – PROFESSIONAL LIABILITY**

Optional coverage for Employment Practices Liability is available.

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**B. OPTIONAL EMPLOYMENT PRACTICES LIABILITY COVERAGE RATES**

**1. Employment Practices Liability:**

Each Claim / Annual Aggregate Limits

<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>
\$50	\$125	\$225

**21. LEAVE OF ABSENCE – PROFESSIONAL LIABILITY**

(Parenting, Health, Extended Office Closure, Education, Military)

The policy expiration date may be extended for up to 12 months at no additional charge. Minimum leave is 30 days; maximum is one year except for education leave. No professional liability exposure permitted during leave of absence. Leave of absence will not be considered as consecutive years of insurance to qualify for free retirement reporting provision.

**Example:** A podiatrist has Second Year claims-made rate and a Leave of Absence extends coverage for 12 months. The podiatrist returns to practice and is rated as Third Year. Had this podiatrist not taken a Leave of Absence, the Fourth Year rate would have applied.

**22. LOCUM TENENS – PROFESSIONAL LIABILITY**

Coverage for a substitute podiatrist (120 day maximum).

**23. RESIDENCY / PRECEPTORSHIP COVERAGE – PROFESSIONAL LIABILITY**

Coverage for a resident or preceptor providing professional services in an approved CPME (Council on Podiatric Medical Education) training program will be able to purchase a policy to cover their professional liability exposure with Limits of Insurance of \$1,000,000/\$3,000,000 written on a claims-made basis with an Extended Reporting Period provided at no additional cost.

Flat Charge:            \$ 1,000

**24. DEFINITIONS FOR CLAIMS-MADE POLICIES**

- a. Base Rates
  - First Year            - A podiatrist in day 1 - 182 days of claims made coverage.
  - Second Year        - A podiatrist in day 183 - 547 of claims made coverage.
  - Third Year           - A podiatrist in day 548 - 912 of claims made coverage.
  - Fourth Year         - A podiatrist in day 913 - 1277 of claims made coverage.
  - Mature             - A podiatrist in day 1278 and beyond of claims made coverage.
- b. Extended Reporting Period (Tail)
  - One Year Prior      - Tail coverage taking effect after the first 182 days of claims-made coverage.
  - Two Years Prior    - Tail coverage taking effect after day 183 – 547 days of claims-made coverage.
  - Three Years Prior   - Tail coverage taking effect after 548 - 912 days of claims-made coverage.
  - Four Years Prior   - Tail coverage taking effect after 913 - 1277 days of claims-made coverage.
  - Mature             - Tail coverage taking effect after 1278 days of claims-made coverage.

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**25. CLASSIFICATION GUIDE – PROFESSIONAL LIABILITY**

Coverage for Podiatrist Professional Liability is offered for Class 1, Class 2, and Class 3 as defined below.

**Class 1:**

Practice of Podiatry including non-surgical procedures. Less than 5% invasive surgery on the bone, tendon or capsule.

**Class 2:**

Practice of Podiatry including minor surgery. Performs 10% or less ankle, leg or rear foot tendon surgery and 30% or less other osseous surgery.

**Class 3:**

Practice of Podiatry including all surgeries.

**26. ERISA FIDUCIARY LIABILITY – BUSINESS LIABILITY**

Coverage is available for negligent acts or omissions in the management of ERISA funds.

Flat Charge: \$132.

**27. EMPLOYEE BENEFITS LIABILITY – BUSINESS LIABILITY**

Coverage is available for negligent acts or omissions in the Administration of Employee Benefits Programs.

<b>Charge</b>	<b>Limit</b>
	<b>Ea. Claim/Annual Agg.</b>
\$25	\$ 300,000
\$30	\$ 500,000
\$50	\$ 1,000,000
\$60	\$ 2,000,000

**28. OPTIONAL EMPLOYEE DISHONESTY / ERISA COVERAGES**

**A. EMPLOYEE DISHONESTY**

Determine the number of employees, and the Employee Dishonesty limit desired. Apply the flat rate from the table below, and for each employee over 5, add the additional charge per employee from the Table below.

<b>Employee Dishonesty</b>		<b>Each Employee over 5</b>
<b>Limit:</b>	<b>Charge:</b>	<b>Charge per employee:</b>
\$25,000	No Charge	No Charge
\$50,000	\$100	\$7
\$100,000	\$200	\$15
\$250,000	\$350	\$25

**B. ERISA Compliance Endorsement.**

Provided at no charge at option of insured. Coverage for theft of funds.

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## RATING RULES

### 29. ANNUAL PERIOD – APPLICABLE TO ALL COVERAGES

All rates and premium referred to in this program are for an annual period.

### 30. PREMIUM ADJUSTMENTS – APPLICABLE TO ALL COVERAGES

Premium adjustments involving an additional premium or renewal premium of \$15 or less shall be waived except a return premium due, if requested by the insured, shall be granted.

### 31. ROUNDING RULE – APPLICABLE TO ALL COVERAGES

All premiums shown on the policy and endorsements will be rounded to the nearest whole dollar. A premium of \$ .50 or more will be rounded to the next highest whole dollar.

### 32. LOCATION OF PRACTICE – APPLICABLE TO PROFESSIONAL LIABILITY COVERAGE

The rates contemplate 50% or greater exposure derived from professional practice within the rating state. Podiatrists with exposures outside the rating state are acceptable if the rating state criteria are met.

### 33. CANCELLATION OF POLICY – APPLICABLE TO ALL COVERAGES

If the policy is canceled, the return premium will be 100% of the pro rata unearned premium.

### 34. SHORT TERM PREMIUM CALCULATIONS – APPLICABLE TO ALL COVERAGES

Premiums for periods of less than one full year of coverage will be the pro rata portion for that year.

### 35. PREMIUM PAYMENT INSTALLMENTS

A quarterly installment premium payment plan shall be offered as follows:

1. For annual premiums up to and including \$80,000: (a) an initial payment equal to 40% of the premium due at policy inception; and (b) a second, third and fourth payment equal to 20% of the premium due 3, 6 and 9 months from policy inception, respectively; and
2. For premiums in excess of \$80,000: (a) an initial payment equal to 25% of the premium due at policy inception; and (b) a second, third and fourth payment equal to 25% of the premium due 3, 6 and 9 months from policy inception, respectively.

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction.

**Deleted:** (1) an initial payment equal to 25% of the premium due at policy inception; and (2) a second, third and fourth payment equal to 25% of the premium due 3, 6 and 9 months from policy inception, respectively. Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction. No interest charges or installment fees will be charged.

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PROFESSIONAL LIABILITY STATE RATES

TERRITORY 1 (COOK COUNTY)

1. BASE RATES – PROFESSIONAL LIABILITY

COVERAGE TYPE	Limits of Insurance (\$000) Professional Liability, Each Claim/Annual Aggregate		
	Class 1 100/300	Class 2 100/300	Class 3 100/300
CLAIMS-MADE:			
First Year	\$2,154	\$4,314	\$5,752
Second Year	\$3,505	\$7,010	\$9,347
Third Year	\$4,314	\$8,627	\$11,504
Fourth Year	\$4,961	\$9,922	\$13,229
Mature	\$5,392	\$10,784	\$14,379

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PROFESSIONAL LIABILITY STATE RATES

TERRITORY 2 (DUPAGE, WILL AND LAKE COUNTIES)

1. BASE RATES – PROFESSIONAL LIABILITY

COVERAGE TYPE	Limits of Insurance (\$000) Professional Liability, Each Claim/Annual Aggregate		
	Class 1 100/300	Class 2 100/300	Class 3 100/300
CLAIMS-MADE:			
First Year	\$1,574	\$3,148	\$4,198
Second Year	\$2,558	\$5,116	\$6,821
Third Year	\$3,148	\$6,296	\$8,395
Fourth Year	\$3,620	\$7,241	\$9,655
Mature	\$3,936	\$7,871	\$10,494

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TERRITORY 3 (REMAINDER OF STATE)

1. BASE RATES – PROFESSIONAL LIABILITY

COVERAGE TYPE	Limits of Insurance (\$000)		
	Professional Liability, Each Claim/Annual Aggregate		
	Class 1 100/300	Class 2 100/300	Class 3 100/300
CLAIMS-MADE:			
First Year	\$1,322	\$2,644	\$3,526
Second Year	\$2,148	\$4,297	\$5,729
Third Year	\$2,644	\$5,289	\$7,051
Fourth Year	\$3,040	\$6,082	\$8,109
Mature	\$3,306	\$6,611	\$8,814

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ACE American Insurance Company  
Podiatrists Professional Liability  
Explanatory Memorandum

- The purpose of this filing is to increase our currently approved Podiatrists Professional Liability rates by 10%.
- We are also correcting the Premium Installment Rule.
- Our last Podiatrists rate filing was approved in your state on 1/2007 under our filing number 06-PR-450.
- We respectfully request that the proposed rates be implemented for all business effective on and after the earliest possible date of acknowledgement or approval.
- Revised Manual—  
Podiatrists Professional Liability  
Illinois Manual Edition 2/2010

**Other Liability**  
**Development of Expense Provisions and Permissible Loss Ratio**  
**ACE Consolidated**

Direct IEE Data in (000) - ACE Consolidated

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>	
(1) Written Premium	2,589,778	2,657,014	2,281,985	7,528,777	
(2) Earned Premium	2,393,865	2,674,252	2,346,499	7,414,616	
(3) Commission & Brokerage Fees	216,867	217,696	191,334	625,897	
(4) Other Acquisition Expense	50,971	60,468	54,719	166,158	
(5) General Expense	86,406	99,663	85,775	271,844	
(6) Taxes, Licenses, and Fees	46,492	53,738	41,569	141,799	
(7) Unallocated LAE	151,603	174,377	100,486	426,466	
(8) Allocated LAE	638,719	164,412	323,399	1,126,530	
					<u>Average</u> <u>Selected</u>
(3)/(1) Commission & Brokerage Fees	8.4%	8.2%	8.4%	8.3%	10.0%
(4)/(2) <u>Other Acquisition Expense</u>	2.1%	2.3%	2.3%	2.2%	<u>2.2%</u>
Total Production Expense					12.2%
(5)/(2) General Expense	3.6%	3.7%	3.7%	3.7%	3.7%
(6)/(1) Taxes, Licenses, and Fees	1.8%	2.0%	1.8%	1.9%	0.5%
(7)/(2) Unallocated LAE	6.3%	6.5%	4.3%	5.8%	N/A
(8)/(2) Allocated LAE	26.7%	6.1%	13.8%	15.2%	N/A
Expense Provision					16.41%
Pre Tax Profit Provision - Target					5.0%
<u>Investment Income Recognition</u>					<u>-19.7%</u>
Pre Tax Profit Provision - Net of Inv Inc					-14.7%
Permissible Loss and LAE Ratio					98.3%
					1.017

**ACE**  
**Other Liability**  
**Estimated Investment Earnings**

<b>A. Unearned Premium Reserve</b>			
A1.	Direct Earned Premium ( for this line, from the IEE )	CY = 2008	2,346,498,942
A2.	Mean Unearned Premium Reserve	(Sheet 2)	1,186,417,774
A3.	Deduction for Prepaid Expenses	(Exhibit 1 Sheet 1)	
	a.) Commission and Brokerage Expense		10.0%
	b.) 50% of Other Acquisition Expense		1.1%
	c.) 50% of General Expense		1.8%
	d.) Taxes, Licenses, and Fees		0.5%
	e.) <u>Profit and Contingencies</u>		<u>5.0%</u>
	f.) Total Prepaid Expense		18.5%
A4.	Deduction for Federal Income Tax Payable	(Exhibit 2 Sheet 2)	7.0%
A5.	Net Subject to Investment	[ A2 x (1.0 - A3f - A4) ]	884,431,266
<b>B. Delayed Remission of Premium (Agent's Balances)</b>			
B1.	Direct Earned Premium ( for this line, from the IEE )		2,346,498,942
B2.	Ratio, Agents Uncoll Prem Balances to Dir Earned Prem	(Exhibit 2 Sheet 2)	32.3%
B3.	Delayed Remission	[ B1 x B2 ]	758,165,477
<b>C. Loss Reserve</b>			
C1.	Direct Earned Premium ( for this line, from the IEE )		2,346,498,942
C2.	Expected Loss and LAE Incurred	[ C1 x ELR on Exhibit 2 Sheet 3 ]	1,844,177,349
C3.	Expected Mean Loss Reserve	[ C2 x After Tax Reserve Ratio on Exhibit 2 Sheet 3 ]	9,042,242,637
D.	Reserve Funds Subject to Investment	[ A5 - B3 + C3 ]	9,168,508,426
E.	Average Rate of Return on Investments - After FIT	(Sheet 5)	3.3%
F.	Investment Earnings on Reserve Funds - After FIT	[ D x E ]	300,480,256
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT	[ F / A1 ]	12.81%
H.	<b>Investment Earnings on Reserve Funds as a % of Premium - Before FIT</b>	[ G / .65 ]	19.70%
I.	P/S - Premium to Surplus Ratio	(Sheet 6)	0.789
J.	E/S - Equity to Surplus Ratio	(Sheet 6)	1.120
K.	Surplus Funds Subject to Investment	[ A1 / I ]	2,975,670,743
L.	Equity Funds Subject to Investment	[ K x J ]	3,332,845,300
M.	Investment Earnings on Equity Funds - After FIT	[ L x E ]	109,227,604
N.	Investment Earnings on Equity Funds as % of Premium - After FIT	[ M / A1 ]	4.7%
O.	<b>Investment Earnings on Equity Funds as % of Premium - Before FIT</b>	[ N / .65 ]	7.2%
P.	Target Total Return as % of Equity - After FIT	(Sheet 7)	8.7%
Q.	Target Total Return as % of Premium - After FIT	[ P x J / I ]	12.3%
R.	<b>Target Total Return as % of Premium - Before FIT</b>	[ Q / .65 ]	19.0%
S.	Target UW Profit as % Premium - Net of all II - After FIT	[ Q - G - N ]	-5.1%
T.	<b>Target UW Profit as % Premium - Net of all II - Before FIT</b>	[ S / .65 ]	-7.9%

**ACE**  
**Other Liability**  
**Explanatory Notes**  
**Estimated Investment Earnings On Unearned**  
**Premium Reserves And Loss Reserves**

**Line A2**

The mean unearned premium reserve is determined by multiplying the direct earned premium in line A1 by the ratio of the mean unearned premium reserve to the direct earned premium for the above

			IEE Amount <u>For the Above Line</u>
1)	Direct Earned Premium	CY = 2008	2,346,498,942
2)	Direct Unearned Premium Reserve	as of 12 / 31 / 2008	1,134,522,977
3)	Direct Unearned Premium Reserve	as of 12 / 31 / 2007	1,238,312,570
4)	Mean Unearned Premium Reserve:	$.5 \times [ ( 2 ) + ( 3 ) ]$	1,186,417,774

**Line A4**

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. The effective tax rate on UPR is calculated as follows:

Corporate Tax Rate	35.0%
Portion of Unearned Premium Taxable under TRA 1986	20.0%
Effective Tax Rate on Unearned Premium Reserve	7.0%

**Line B2**

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. The ratio of agents' uncollected premium balances to net earned premium is calculated as follows:

			ACE Consolidated <u>Ann Statement Amt</u>
1	Net Earned Premium - Total All Lines	CY = 2008	3,725,161,045
2	Net Agent's Balances ( Net Admitted )	as of 12 / 31 / 2008	1,087,943,937
3	Net Agent's Balances ( Net Admitted )	as of 12 / 31 / 2007	1,319,292,179
4	Ratio:	$[ ( 2 ) + ( 3 ) ] / [ 2.0 \times ( 1 ) ]$	0.323

**ACE  
Other Liability**

**Explanatory Notes  
Estimated Investment Earnings On Unearned  
Premium Reserves And Loss Reserves**

**Line C2**

The expected loss and loss adjustment expense incurred is determined by multiplying the direct earned premium by the expected loss and loss adjustment expense ratio determined below.

1 General Expenses	(Exhibit 1 Sheet 1)	3.67%
2 Commission and Brokerage Expenses		10.00%
3 Other Acquisition Expenses		2.24%
4 Taxes, Licenses, & Fees		0.50%
5 <u>Profit &amp; Contingencies</u>		<u>5.00%</u>
6 Total Expense Ratio:		21.41%
7 Expected Loss and LAE Ratio: 1.00 - ( 6 )		78.59%
8 Direct Earned Premium	Cal Yr 2008	2,346,498,942
9 Expected Loss and LAE Incurred ( 7 ) x ( 8 )	Cal Yr 2008	1,844,177,349

**Line C3**

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C2 by the IEE ratio of the mean loss and loss adjustment expense reserves to the loss and loss adjustment expense incurred in the last 2 calendar years for the above named line of business. This ratio, which includes an adjustment for the estimated Federal Income Tax payable due to discounting of loss reserves, as required by the Tax Reform Act of 1986, is based on the following:

		<u>IEE Amount for the Above Line</u>
1 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2008	1,372,490,539
2 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2007	1,796,557,482
3 Direct Loss and Loss Adjustment Expense Reserves	Year End 2008	7,693,638,225
4 Direct Loss and Loss Adjustment Expense Reserves	Year End 2007	8,102,355,683
5 Direct Loss and Loss Adjustment Expense Reserves	Year End 2006	7,689,090,000
6 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2008	7,897,996,954
7 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2007	7,895,722,842
8 Pre Tax Reserve Ratio: ( 6 ) / ( 1 )		5.755
9 Pre Tax Reserve Ratio: ( 7 ) / ( 2 )		4.395
10 Mean Pre Tax Reserve Ratio: $0.5 \times [ ( 8 ) + ( 9 ) ]$		5.075
11 Estimated Reserve Discount - Sheet 4		0.097
12 Federal Taxes ( ratio to reserves ): ( 11 ) x 0.35		0.034
13 After Tax Reserve Ratio ( 10 ) x [ 1.0 - ( 12 ) ]		4.903

**ACE Consolidated - Annual Statement - Schedule P**  
**Other Liability**  
**Calculation of Reserve Discount**  
**Data in (000's)**

	(1)	(2)
	Net	Reserve
	Loss	Discount
	& Expense	
<u>Year</u>	<u>Unpaid</u>	<u>Factor</u>
Prior	1,025,274	0.95184
1999	47,390	0.93399
2000	22,807	0.91635
2001	63,614	0.91403
2002	58,397	0.87193
2003	128,828	0.87934
2004	198,308	0.88156
2005	285,475	0.88252
2006	358,510	0.88606
2007	499,563	0.88052
2008	<u>481,714</u>	<u>0.86353</u>
	3,169,880	0.90340 = Average
		0.09660 = 1.00 - Average

- (1) ACE Consolidated Annual Statement, Schedule P, Part 1, Column 24  
(2) Internal Revenue Bulletin 2008-49, December 8, 2008

**ACE Consolidated**  
**Calculation of Average After Tax Rate of Return**  
**2008**

	(1) Average of Latest 2 Year Ends <u>Asset Value</u>	(2) Interest & Dividend <u>Income</u>	(3) Net Interest and Dividends <u>( 2 ) x ( 1 + a )</u>	(4) Pre-Tax Return <u>( 3 ) / ( 1 )</u>	(5) Federal Tax Rate	(6) Federal Tax <u>(3)x(5)</u>	(7) After Tax Return <u>((3)-(6))/(1)</u>
<b>Assets Available for Investment</b>							
Cash & Short Term Invested Assets	710,073,135	19,281,480	18,551,877	2.6%	35.0%	6,493,157	1.7%
<b>Bonds</b>							
Tax Exempt		68,071,051	65,495,272		2.4% (b)	1,598,903	
Taxable		626,211,438	602,515,866		35.0%	210,880,553	
Total	12,857,976,296	694,282,489	668,011,137	5.2%		212,479,456	3.5%
<b>Affiliated Stock at Fair Value</b>							
Preferred	0	0	0		0.0%	0	
Common	0	0	0		0.0%	0	
Total	0	0	0	0	0.0%	0	0.0%
<b>Unaffiliated Stock at Fair Value</b>							
Preferred	367,439,703	33,261,461	32,002,862		14.2% (c)	4,536,406	
Common	776,910,984	20,005,945	19,248,929		14.2%	2,728,536	
Total	1,144,350,687	53,267,406	51,251,790	4.5%		7,264,941	3.8%
<b>Mortgage Loans on Real Estate</b>	0	0	0	0	35.0%	0	0.0%
Real Estate	96,693,885	0	0	0.0%	35.0%	0	0.0%
Contract Loans	0	0	0	0	35.0%	0	0.0%
A/O Inv. Assets	826,852,727	1,376,512	1,324,425	0.2%	35.0%	463,549	0.1%
<b>Total</b>	<b>15,635,946,728</b>	<b>768,207,887</b>	<b>739,139,230</b>	<b>4.7%</b>	<b>30.7%</b>	<b>226,701,103</b>	<b>3.3%</b>

NOTES:

a. Investment Expenses and Write-ins for Investment Income of apply uniformly to all items of income.

	Total Interest and Dividend Income ( excluding Write-ins & Expenses ):	768,207,887
PLUS	Write-ins for Investment Income:	898,777
LESS	<u>Investment Expenses &amp; Real Estate Depreciation:</u>	<u>29,967,434</u>
	Total Net Investment Income (incl. Write-ins, Net of Investment Expenses):	739,139,230
	Write-ins / Expense Multiplier:	(a) = -3.8%

b. 46.5% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate rate of 35%.  
The applicable tax rate is therefore:  $2.4\% = [ .465 \times .15 \times .35 ]$

c. For domestic corporations, 30% of dividend income from unaffiliated stocks is taxed as ordinary income at a full corporate rate of 35%.  
and 100% is subject to proration, so that 15% of the remaining 70% is taxed as ordinary income at a full corporate rate of 35%.  
The applicable tax rate is therefore:  $14.2\% = [ ( 0.30 \times 0.35 ) + ( 0.70 \times 0.15 \times 0.35 ) + ( 0.70 \times .85 \times 0.00 ) ]$



**ACE Consolidated  
EXPLANATORY NOTES  
FOR RETURN ON EQUITY CALCULATION**

**Line I**            Premium to Surplus Ratio

Surplus was determined by dividing the premium in Line A1 by a premium to surplus ratio.  
The calculation of the premium to surplus ratio is as follows:

	2008
	<u>All Lines</u>
A/S Net Written Premium	3,725,161,045
A/S Surplus as Regards Policyholders	4,723,996,476
A/S Premium to Surplus Ratio	0.789

**Line J**            Equity to Surplus Ratio

Equity was determined by applying an equity to surplus ratio to the surplus in Line K.  
The calculation of the equity to surplus is as follows:

		2008
		<u>Year End</u>
	ACE Consolidated	4,723,996,476
	<u>ACE Ins. Co. Puerto Rico (preliminary)</u>	<u>22,343,468</u>
SAP Surplus:	ACE Consolidated ex PR and International	4,701,653,008
GAP Equity:	ACE Consolidated ex PR and International (preliminary)	5,266,000,000
	Equity to Surplus Ratio	1.120

**ACE  
EXPLANATORY NOTES  
FOR RETURN ON EQUITY CALCULATION**

**Line P.**

<u>Year</u>	<u>Return on Equity</u>
1997	13.0%
1998	9.6%
1999	6.6%
2000	6.3%
2001	-2.2%
2002	3.1%
2003	9.7%
2004	10.7%
2005	11.6%
2006	14.4%
2007	12.6%
Average	8.7%
Selected	8.7%

Note: The source for the historical industry Returns on Equity is  
Net Income / Average Policyholder Surplus from:

1997 - 2000	Standard & Poor's Industry Surveys
2001-2007	Best's Aggregates and Averages - QAR

**ACE American Insurance Company  
Illinois  
Medical Malpractice  
Rate Revision**

**Actuarial Memorandum**

**Purpose of this Filing**

With this filing, ACE proposes to uniformly raise our rates for the Podiatrists program.

Rate Effect: 10.0%

Proposed Effective Date **3/1/2010**

**Companies Affected by this Filing**

ACE American Insurance Company (AAI)

**ACE American Insurance Company**

**Illinois**

**Medical Malpractice**

**Rate Effect Summary**

**Proposed Rate Change**

Company

ACE American Insurance Company (AAI)

DWP PY

Ending 12/31/08

\$206,838.99

Rate

Effect

10.0%

WP

Change

\$20,683.90

Proposed

Written Premium

\$227,522.89

## ACE American Insurance Company

## Illinois

Medical Malpractice  
Rate Indication

Indicated Rate Change Using Experience Evaluated as of 12/31/2008

## Illinois Podiatrists Experience

AY	Earned Premium	On Level Factor	Exposure Trend Factor	Adjusted Premium	Incurred Loss & ALAE	Loss Development Factor	Pure Prem Trend Factor	Ultimate Loss & ALAE	Ultimate Loss & ALAE Ratio	Weights	Claim Count	Ultimate Selection
2001	0	1.0000	1.0000	0	0	1.0548	1.1998	0	0.0%	0.0%	0	Inc LDF
2002	4,714	1.0000	1.0000	4,714	90,919	1.0973	1.1763	117,358	2489.8%	0.7%	2	Inc LDF
2003	21,176	1.0000	1.0000	21,176	243,322	1.3780	1.1532	386,669	1826.0%	3.0%	3	Inc LDF
2004	40,381	1.0000	1.0000	40,381	654,797	1.4317	1.1306	1,059,933	2624.8%	5.8%	3	Inc LDF
2005	75,402	1.0000	1.0000	75,402	0	1.8497	1.1085	0	0.0%	10.8%	1	Inc LDF
2006	139,707	1.0000	1.0000	139,707	0	2.9143	1.0867	92,289	66.1%	19.9%	0	BF Inc
2007	199,273	1.0000	1.0000	199,273	0	6.1038	1.0654	164,286	82.4%	28.5%	0	BF Inc
2008	219,646	1.0000	1.0000	219,646	0	27.7079	1.0445	212,315	96.7%	31.4%	1	LR
Total	700,298			700,298	989,038			2,032,850	290.3%	100%	10	

Credibility Standard  
Credibility10,000  
3.2%

## Countrywide Podiatrists Experience

AY	Earned Premium	On Level Factor	Exposure Trend Factor	Adjusted Premium	Incurred Loss & ALAE	Loss Development Factor	Pure Prem Trend Factor	Trended Ultimate Loss & ALAE	Loss & ALAE Ratio	Weights	Claim Count	Ultimate Selection
2001	0	1.0000	1.0000	0	0	1.0548	1.1998	0	0.0%	0.0%	0	Inc LDF
2002	517,894	1.0000	1.0000	517,894	1,536,271	1.0973	1.1763	1,983,015	382.9%	2.5%	19	Inc LDF
2003	1,414,577	1.0000	1.0000	1,414,577	1,893,078	1.3780	1.1532	3,008,342	212.7%	6.9%	20	Inc LDF
2004	2,026,739	1.0000	1.0000	2,026,739	2,714,973	1.4317	1.1306	4,394,783	216.8%	9.9%	18	Inc LDF
2005	2,671,885	1.0000	1.0000	2,671,885	930,458	1.8497	1.1085	1,907,770	71.4%	13.1%	27	Inc LDF
2006	3,475,035	1.0000	1.0000	3,475,035	100,782	2.9143	1.0867	2,405,094	69.2%	17.0%	16	BF Inc
2007	4,606,499	1.0000	1.0000	4,606,499	117,543	6.1038	1.0654	3,922,956	85.2%	22.6%	21	BF Inc
2008	5,687,177	1.0000	1.0000	5,687,177	1,354	27.7079	1.0445	5,497,358	96.7%	27.9%	8	LR
Total	20,399,805			20,399,805	7,294,459			23,119,327	113.3%	100%	129	

Iowa  
CW

a) Selected Loss &amp; ALAE Ratio

113.3%

b) Permissible Loss &amp; Alae Ratio (Exh 4)

92.5%

c) Raw Indication

22.5%

d) Credibility

96.8%

e) Credibility Wtd Indicated Rate Change SUMPRODUCT(c,d)

28.5%

**ACE American Insurance Company**  
**Illinois**  
**Medical Malpractice**  
**Expense Provisions**

**Development of Expense Provisions**

Direct IEE Data in (000) - ACE Consolidated

		2006	2007	2008	Total
(1)	Written Premium	2,589,778	2,657,014	2,281,985	7,528,777
(2)	Earned Premium	2,393,865	2,674,252	2,346,499	7,414,616
(3)	Commission & Brokerage Fees	216,867	217,696	191,334	625,897
(4)	Other Acquisition Expense	50,971	60,468	54,719	166,158
(5)	General Expense	86,406	99,663	85,775	271,844
(6)	Taxes, Licenses, and Fees	46,492	53,738	41,569	141,799
(7)	Unallocated LAE	151,603	174,377	100,486	426,466
(8)	Allocated LAE	638,719	164,412	323,399	1,126,530
(3)/(1)	Commission & Brokerage Fees	8.4%	8.2%	8.4%	Average 8.3%
(4)/(2)	Other Acquisition Expense	2.1%	2.3%	2.3%	10.0%
	Total Production Expense				2.2%
					12.2%
(5)/(2)	General Expense	3.6%	3.7%	3.7%	3.7%
(6)/(1)	Taxes, Licenses, and Fees	1.8%	2.0%	1.8%	1.9%
(7)/(2)	Unallocated LAE	6.3%	6.5%	4.3%	5.8%
(8)/(2)	Allocated LAE	26.7%	6.1%	13.8%	15.2%

ACE American Insurance Company  
Illinois  
Medical Malpractice  
Permissible Loss Ratio

Calculation of Permissible Loss and ALAE Ratio

<u>Expenses - (Exhibit 3)</u>		<u>% of Premium</u>
Commissions		10.0%
Other Acquisition		2.2%
General Expenses		3.7%
Taxes, Licenses, Fees		0.5%
Unallocated LAE		5.8%
<u>Allocated LAE</u>		<u>15.2%</u>
Subtotal Expenses		<u>37.4%</u>
<u>Profit - (Profit Support File)</u>		
Profit & Contingencies		5.0%
<u>Offset for Investment Income</u>		<u>-19.7%</u>
Profit Net of Inv Income		<u>-14.7%</u>
(1) Expense Ratio incl ULAE		7.5%
(2) <b>Permissible Loss &amp; ALAE Ratio</b>		
1.0 - [(1)]		92.5%

Calculation of Trended Permissible Loss and ALAE Ratio

Annual Prem Trend Rate (Exhibit 7)		0.0%
<u>Annual Loss Trend Rate (Exhibit 8)</u>		<u>2.0%</u>
(3) Annual Net Trend Rate		2.0%
Effective date of current rates		1/20/2002
Effective date of proposed rates		3/1/2010
(4) Number of Years (max 4)		4.0
(5) <b><u>Trended</u> Permissible Loss &amp; ALAE Ratio*</b>		100.2%
[ (2) x ( (3) ^ (4) ) ]		

\* for Complement of Credibility

**ACE American Insurance Company**  
**Illinois**  
**Medical Malpractice**  
**On Level Factors**

**Filing History, Rate History**

<u>Effective Date</u>	<u>Rate Change</u>
1/20/2002	N/A

**Premium On Level Factor**

<u>Year</u>	<u>Latest</u> <u>Rate</u> <u>Level</u>	<u>Average</u> <u>Rate</u> <u>Level</u>	<u>On Level</u> <u>Factor</u>
2001	1.000	1.000	1.000
2002	1.000	1.000	1.000
2003	1.000	1.000	1.000
2004	1.000	1.000	1.000
2005	1.000	1.000	1.000
2006	1.000	1.000	1.000
2007	1.000	1.000	1.000
2008	1.000	1.000	1.000



**ACE American Insurance Company**  
**Illinois**  
**Medical Malpractice**  
**Loss Development Factors**

**Countrywide Medical Malpractice Cumulative Incurred Loss and ALAE as of 12/31/2008 (000s)**

AY	Age in Months									
	12	24	36	48	60	72	84	96	108	120
1999	51	101	2,941	3,275	3,734	3,916	4,634	4,762	4,850	4,977
2000	0	124	452	3,306	3,772	4,158	6,634	7,109	7,373	
2001	444	2,160	3,600	6,028	11,147	10,245	11,403	11,651		
2002	177	2,086	6,249	11,547	15,437	17,266	18,279			
2003	140	3,045	9,473	13,630	16,606	17,924				
2004	253	2,574	5,896	9,646	12,740					
2005	965	4,194	8,945	14,773						
2006	693	3,725	6,930							
2007	646	2,517								
2008	639									

**Observed Incremental Development**

AY	Age Interval									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
1999	1,9811	28,9857	1,1136	1,1402	1,0486	1,1836	1,0274	1,0185	1,0263	
2000	--	3,6336	7,3192	1,1412	1,1021	1,5955	1,0717	1,0372		
2001	4,8614	1,6665	1,6747	1,8491	0,9191	1,1131	1,0217			
2002	11,8081	2,9949	1,8479	1,3369	1,1185	1,0586				
2003	21,6804	3,1113	1,4388	1,2183	1,0794					
2004	10,1907	2,2905	1,6361	1,3207						
2005	4,3454	2,1325	1,6516							
2006	5,3793	1,8604								
2007	3,8936									
3 Yr Avg	4,5394	2,0945	1,5755	1,2920	1,0390	1,2557	1,0403			
5 Yr Avg	9,0979	2,4779	1,6498	1,3732	1,0535					
5 Yr x Hi Lo	6,6385	2,4726	1,6541	1,2920	1,0767					
<b>Selected Development Factors</b>										
Incremental	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-Ult		
	4,539	2,094	1,576	1,292	1,039	1,256	1,040	1,055		
Cumulative	27,708	6,104	2,914	1,850	1,432	1,378	1,097	1,055		

**ACE American Insurance Company  
Illinois  
Medical Malpractice  
Premium Trend Analysis**

**Trend Rate**

The exposure base used is number of insureds  
Since this is not inflation sensitive, there is no premium trend.

**Selected****0.0%****Calculation of Loss Trend Factors**

Proposed Effective Date                      3/1/2010  
Effective Period Avg. Accident Date      8/29/2010

Accident	<u>Average Accident Date</u>		Trend	Trend
<u>Year</u>	<u>Experience</u>	<u>Effective</u>	<u>Period</u>	<u>Factor</u>
	<u>Period</u>	<u>Period</u>		
1997	7/1/1997	8/29/2010	13.20	1.0000
1998	7/1/1998	8/29/2010	12.20	1.0000
1999	7/1/1999	8/29/2010	11.20	1.0000
2000	7/1/2000	8/29/2010	10.20	1.0000
2001	7/1/2001	8/29/2010	9.20	1.0000
2002	7/1/2002	8/29/2010	8.20	1.0000
2003	7/1/2003	8/29/2010	7.20	1.0000
2004	7/1/2004	8/29/2010	6.20	1.0000
2005	7/1/2005	8/29/2010	5.20	1.0000
2006	7/1/2006	8/29/2010	4.20	1.0000
2007	7/1/2007	8/29/2010	3.20	1.0000
2008	7/1/2008	8/29/2010	2.20	1.0000

**Illinois  
Medical Malpractice  
Loss Trend Analysis**

**ACE Data - Countrywide Medical Malpractice**

A	B	C	D	E	F	G		H		I		J		K		L		M		N	
						Loss Cost		Frequency		Severity											
						Total Paid Loss on Closed Claims	\$ Paid Total / # Pol E/B	\$ Paid on Closed / # Pol F/B	# Rptd / # Pol C/B	# Closed / # Pol D/B	\$ Paid Total / # Rptd E/C	\$ Paid on Closed / # Rptd F/C	\$ Paid Total / # Closed G/D	\$ Paid on Closed / # Closed H/E	\$ Paid Total / # Rptd I/F	\$ Paid on Closed / # Rptd J/G	\$ Paid Total / # Closed K/H	\$ Paid on Closed / # Closed L/I	\$ Paid Total / # Rptd M/J		\$ Paid on Closed / # Rptd N/K
Qtr	Earned Policy Count	Rptd Claim Count	Closed Claim Count	Paid Loss																	
05 - 1	8,128	142	96	2,951,228	2,759,040		363	339	17.5	11.8	20,783	19,430	30,742	28,740							
05 - 2	10,453	135	179	3,536,214	2,056,739		338	197	12.9	17.1	26,194	15,235	19,755	11,490							
05 - 3	13,641	162	101	5,415,265	4,578,566		397	336	11.9	7.4	33,428	28,263	53,616	45,332							
05 - 4	13,666	156	75	3,870,616	2,483,836		283	182	11.4	5.5	24,812	15,922	51,608	33,118							
06 - 1	13,783	205	100	3,605,850	3,889,291		262	282	14.9	7.3	17,590	18,972	36,059	38,893							
06 - 2	13,820	241	136	4,222,095	3,512,107		306	254	17.4	9.8	17,519	14,573	31,045	25,824							
06 - 3	14,028	189	131	4,246,861	4,312,612		303	307	13.5	9.3	22,470	22,818	32,419	32,821							
06 - 4	14,090	178	204	7,669,976	7,561,721		544	537	12.6	14.5	43,090	42,482	37,598	37,067							
07 - 1	14,213	200	207	3,295,115	2,888,759		232	203	14.1	14.6	16,476	14,444	15,918	13,955							
07 - 2	14,287	228	224	6,324,422	4,618,177		443	323	16.0	15.7	27,739	20,255	28,234	20,617							
07 - 3	14,472	189	167	4,492,426	3,818,379		310	264	13.1	11.5	23,769	20,203	26,901	22,865							
07 - 4	14,589	192	170	7,249,919	7,096,792		497	486	13.2	11.7	37,760	36,962	42,647	41,746							
08 - 1	14,738	178	171	6,147,682	5,458,890		417	370	12.1	11.6	34,538	30,668	35,951	31,923							
08 - 2	14,816	189	117	5,061,960	5,400,521		342	365	12.8	7.9	26,783	28,574	43,265	46,158							
08 - 3	14,943	178	236	4,577,536	3,498,565		306	234	11.9	15.8	25,716	19,655	19,396	14,824							
08 - 4	14,039	245	224	9,059,134	8,502,878		645	606	17.5	16.0	36,976	34,706	40,443	37,959							

**Exponential Trend Rates**

Quarterly	Trend Line Fitted									
	Last 16 Qtrs - Incl Last Point	2.1%	3.2%	-0.2%	2.5%	2.3%	3.4%	-0.4%	0.7%	
	Last 15 Qtrs - Incl Last Point	2.6%	4.2%	0.4%	3.2%	2.1%	3.7%	-0.6%	1.0%	
	Last 14 Qtrs - Incl Last Point	2.9%	3.6%	0.4%	5.4%	2.6%	3.2%	-2.4%	-1.7%	
	Last 13 Qtrs - Incl Last Point	4.1%	4.7%	-0.1%	5.3%	4.1%	4.8%	-1.2%	-0.6%	
	Last 12 Qtrs - Incl Last Point	4.1%	3.3%	-0.9%	3.4%	5.0%	4.3%	0.6%	-0.1%	
	Last 11 Qtrs - Incl Last Point	3.4%	3.4%	-0.9%	1.8%	4.3%	4.3%	1.6%	1.6%	
	Last 10 Qtrs - Incl Last Point	3.1%	2.6%	0.4%	0.9%	2.7%	2.2%	2.2%	1.7%	
	Average - All 7 Lines	3.2%	3.6%	-0.1%	3.2%	3.3%	3.7%	0.0%	0.4%	
	Average - Ex High/Low	3.2%	3.5%	-0.1%	3.2%	3.2%	3.8%	0.0%	0.5%	
	Last 15 Qtrs - Excl Last Point	0.8%	1.9%	-0.9%	2.0%	1.8%	2.9%	-1.1%	0.0%	
	Last 14 Qtrs - Excl Last Point	1.2%	2.8%	-0.3%	2.7%	1.5%	3.2%	-1.5%	0.2%	
	Last 13 Qtrs - Excl Last Point	1.4%	2.0%	-0.5%	5.2%	1.9%	2.5%	-3.6%	-3.1%	
	Last 12 Qtrs - Excl Last Point	2.4%	3.0%	-1.2%	5.0%	3.7%	4.2%	-2.5%	-2.0%	
	Last 11 Qtrs - Excl Last Point	2.1%	1.0%	-2.4%	2.8%	4.6%	3.5%	-0.6%	-1.7%	
	Last 10 Qtrs - Excl Last Point	0.9%	0.6%	-2.7%	0.6%	3.6%	3.4%	0.3%	0.0%	
	Average - All 6 Lines	1.5%	1.9%	-0.6%	3.7%	3.7%	4.2%	-0.7%	-0.2%	
	Average - Ex High/Low	1.4%	1.9%	-1.3%	3.1%	2.8%	3.2%	-1.4%	-0.9%	
Annualized	Average - All 6 Lines	6.1%	7.8%	-2.5%	15.8%	15.5%	17.9%	-2.8%	-0.6%	
	Average - Ex High/Low	5.7%	8.0%	-4.9%	13.0%	11.5%	13.6%	-5.5%	-3.6%	

**ISO Data - Multi-State Physicians, Surgeons and Dentists**

Basic Limit Data (000)  
PR-2007-BPROF Pg. E-30

PYE	Current	Ultimate	Ratio of Ultimate Loss to Current Loss Cost
06/30	Loss Cost	Loss	
1999	476,873	325,619	0.683
2000	478,397	327,405	0.684
2001	483,984	380,419	0.786
2002	536,899	392,917	0.732
2003	530,912	410,168	0.773
2004	488,400	329,910	0.675
2005	493,837	349,437	0.708
2006	538,523	348,942	0.648

Trend Line Fitted		Exponential Trend Rate
Last 8 Years - Incl Last		-0.7%
Last 7 Years - Incl Last		-1.6%
Last 6 Years - Incl Last		-3.4%
Last 7 Years - Excl Last		0.2%
Last 6 Years - Excl Last		-0.7%
Last 5 Years - Excl Last		-2.9%

Average - All 6 Lines	-1.5%
Average - Ex High/Low	-1.5%

**ACE Selected Loss Trend**

2.0%

**Calculation of Loss Trend Factors**

Proposed Effective Date 3/1/2010  
Effective Period Avg. Accident Date 8/29/2010

Average Accident Date			Trend	Trend Factor
Year	Period	Effective		
1997	7/1/1997	8/29/2010	13.20	1.2987
1998	7/1/1998	8/29/2010	12.20	1.2733
1999	7/1/1999	8/29/2010	11.20	1.2483
2000	7/1/2000	8/29/2010	10.20	1.2238
2001	7/1/2001	8/29/2010	9.20	1.1998
2002	7/1/2002	8/29/2010	8.20	1.1763
2003	7/1/2003	8/29/2010	7.20	1.1532
2004	7/1/2004	8/29/2010	6.20	1.1306
2005	7/1/2005	8/29/2010	5.20	1.1085
2006	7/1/2006	8/29/2010	4.20	1.0867
2007	7/1/2007	8/29/2010	3.20	1.0654
2008	7/1/2008	8/29/2010	2.20	1.0445

# **PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM RATES AND RULES - ILLINOIS**

**PO-IL-6**

**C. 1. Schedule Rating – Maximum debit or credit 50%:**

	<u><b>Credit</b></u>	<u><b>Debit</b></u>
<u><b>Experience of Dr. and Staff</b></u> -based on number of years in practice	<b>0-25%</b>	<b>0-25%</b>
<u><b>Training / Education</b></u> -training or lack of training in surgical areas the podiatrist is performing procedures	<b>0-25%</b>	<b>0-25%</b>
<u><b>Record Keeping</b></u> -Documentation (electronic / transcribed) of patient history, records, and procedures, or -lack of documentation	<b>0-25%</b>	<b>0-25%</b>
<u><b>Use of Anesthesia</b></u> -use of or lack of use of IV/IM, Conscious Sedation	<b>0-25%</b>	<b>0-25%</b>
<u><b>Advertising Material</b></u> -appropriate, non-inflated -inappropriate, over-inflated	<b>0-25%</b>	<b>0-25%</b>
<u><b>Unusual Risk Characteristics</b></u> -practice characteristics not contemplated in basic premium -increased/decreased risk -number of patients -works at multiple locations -out of state exposures	<b>0-25%</b>	<b>0-25%</b>
<u><b>Patient Profile</b></u> -High/low numbers of risky procedures on high risk patients (diabetics, trauma patients, children, sports medicine, athletic teams)	<b>0-25%</b>	<b>0-25%</b>
<u><b>Gaps in Coverage</b></u> -practicing without malpractice insurance	-----	<b>0-25%</b>
<u><b>Board Examiner (BE)/Medicare Actions</b></u> -negative outcomes at peer review or other disciplinary body activity	-----	<b>0-25%</b>
<u><b>Surgical Procedures</b></u> -high numbers of high risk surgical procedures	-----	<b>0-25%</b>

**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-1**

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**1. BASE RATES – PROFESSIONAL LIABILITY**

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
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**PO-IL-2**

TERRITORY 2 (Dupage, Will and Lake Counties) .....PO-IL-15

1. BASE RATES – PROFESSIONAL LIABILITY

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1. BASE RATES – PROFESSIONAL LIABILITY

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**2010 Edition**

**ACE AMERICAN INSURANCE COMPANY**

**02/2010**

**STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
SPRINGFIELD, ILLINOIS**

**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-3**

**1. POLICY TYPE**

Professional Liability Coverage is available on Claims-Made policy form. Business Liability Coverage is available on an Occurrence policy form only.

**2. PROFESSIONAL LIABILITY COVERAGE and BASE LIMITS OF INSURANCE**

Coverage A: Podiatrist Professional Liability - \$100,000 Each Claim/ \$300,000 Annual Aggregate

Coverage B: First Aid - \$5,000 Each Person

**3. A. INCREASED PROFESSIONAL LIABILITY LIMITS OF INSURANCE**

Higher Limits available upon request for Coverage A: Each Claim / Annual Aggregate (\$000):  
200/600, 250/750, 500/1500, 1000/1000, 1000/3000. For higher limits – Refer to Company.

**B. PROFESSIONAL LIABILITY INCREASED LIMITS TABLE**

These increased limits apply to Coverage A – Each Claim / Annual Aggregate –  
Apply corresponding increased limit factor to the Base Limit Premium.

<u>Limits of Insurance (\$000)</u> <u>Each Claim/Annual Aggregate</u>	<u>Increased</u> <u>Limit Factors</u>
\$200/\$600	1.30
\$250/\$750	1.42
\$500/\$1,500	1.52
\$1,000/\$1,000	1.70
\$1,000/\$3,000	1.77

**C. LIMITS FOR CORPORATION, PARTNERSHIP OR ASSOCIATION**

A separate policy or policy limit for a Corporation or partnership can be provided at a charge of 5% of the premium for all practicing DPM's who are partners, officers, directors or employees of the entity. The limit of insurance provided for the entity shall be no greater than that provided to each DPM practicing on its behalf.

**4. DEDUCTIBLE CREDITS – Professional Liability Only**

Subtract the following factor from the applicable increased limit factor above:

<u>Each Claim</u>	<u>Factor</u>
\$5000	.03
10,000	.06
25,000	.14
50,000	.25
100,000	.40
250,000	.50

Refer to Company if an Annual Aggregate or alternative deductibles are desired.

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
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**PO-IL-4**

**5. OPTIONAL BUSINESS LIABILITY COVERAGE and BASE LIMITS OF INSURANCE**

Coverage C: Podiatrists Business Liability - \$100,000 Each Occurrence  
(Coverage C includes Bodily Injury, Property Damage, Personal and Advertising Injury, Products/Completed Operations and Fire and Water Legal Liability)

Podiatrists Business Liability (Coverages C and E only) \$300,000 Combined Annual Aggregate  
Products/Completed Operations Hazard \$300,000 Annual Aggregate

Coverage D: Medical Expenses - \$5,000 Each Person

Coverage E: Hired and Non-Owned Auto \$100,000 Each Occurrence

**6. A. INCREASED BUSINESS LIABILITY LIMITS OF INSURANCE**

Higher Limits available upon request for Coverage C: Each Claim / Annual Aggregate (\$000):  
200/600, 250/750, 500/1500, 1000/1000, 1000/3000. For higher limits – Refer to Company.

**B. OPTIONAL BUSINESS LIABILITY INCREASED LIMITS TABLE / MINIMUM PREMIUM**

The Base premium for Coverage C and E is \$30 at limits of \$100K/\$300K. Limits of Insurance can be increased by using the Increased Limit Table below. However:

- Business Liability Limits of Insurance must match the Professional Liability Limits of Insurance.
- Charge is per podiatrist.
- Hired and Non-Owned Auto Limit of Insurance must match the Professional Liability Limits of Insurance up to a maximum of \$1,000,000 – Each Occurrence.
- An independent contractor podiatrist practicing at more than one location will be charged one premium for all locations.
- The independent contractor podiatrist's premium can be modified by a factor of .75 when the podiatrist is working at more than one location and is working between 20-30 hours per week. If working less than 20 hours. – See Rule 7.A.
- The increased Limits are subject to a per policy minimum Podiatrists Business Liability Premium as follows:

<u>Limits of Insurance (\$000) Each Claim/Annual Aggregate</u>	<u>Increased Limit Factors</u>	<u>Per Policy Minimum</u>
\$200/\$600	1.14	40
\$250/\$750	1.16	42
\$500/\$1,500	1.21	45
\$1000/\$1000	1.25	48
\$1,000/\$3,000	1.28	50
Higher Limits	Refer to Company	Refer to Company

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-5**

**7. RATE MODIFIERS – PROFESSIONAL LIABILITY**

All credits and debits developed in this section are multiplicative. Add the resulting factor to 1.00 and multiply the result by the total of all premium developed from the rate pages. **The maximum for any combination of debits or credits is 50%. The maximum combination does not apply to the Newly Graduated Podiatrist, the Part-time Podiatrist or Risk Management Credits.**

**A. Discount Credits –PROFESSIONAL LIABILITY:**

**Newly graduated podiatrist:**

-A "new" podiatrist is eligible for the following credits when the podiatrist:

- has completed podiatric training within the six months previous to taking the board exam for his/her license,
- is a foreign graduate from an accredited podiatric school entering podiatric practice for the first time.

First year in practice	60%
Second year in practice	40%
Third year in practice	25%
Fourth year in practice	15%

**Part-time podiatrist:**

<u>Average No. of Hrs. Practiced Per Week</u>	<u>Available Credit</u>
0-10	60%
11-20	40%
21-29	25%
30 or more	0%

**Full-time podiatric faculty:**

Podiatrists who teach at a podiatric school or similar institution in addition to their podiatry practice are eligible for a premium discount based on the number of hours treating patients in their own practice as follows:

-with school verification and average 0 - 10 hours/week or less practicing podiatry	50%
-with school verification and average 11 - 20 hours/week or less practicing podiatry	30%
-with school verification and average 21 - 30 hours/week or less practicing podiatry	20%

- B. Risk Management – Classes/Seminars/Workbooks** 10%
- (All non-company Risk Management credits are subject to Company approval for credit)

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-6**

**C. 1. Schedule Rating – Maximum debit or credit 25%:**

	<u><b>Credit</b></u>	<u><b>Debit</b></u>
<u><b>Experience of Dr. and Staff</b></u> -based on number of years in practice	<b>0-25%</b>	<b>0-25%</b>
<u><b>Training / Education</b></u> -training or lack of training in surgical areas the podiatrist is performing procedures	<b>0-25%</b>	<b>0-25%</b>
<u><b>Record Keeping</b></u> -Documentation (electronic / transcribed) of patient history, records, and procedures, or -lack of documentation	<b>0-25%</b>	<b>0-25%</b>
<u><b>Use of Anesthesia</b></u> -use of or lack of use of IV/IM, Conscious Sedation	<b>0-25%</b>	<b>0-25%</b>
<u><b>Advertising Material</b></u> -appropriate, non-inflated -inappropriate, over-inflated	<b>0-25%</b>	<b>0-25%</b>
<u><b>Unusual Risk Characteristics</b></u> -practice characteristics not contemplated in basic premium -increased/decreased risk -number of patients -works at multiple locations -out of state exposures	<b>0-25%</b>	<b>0-25%</b>
<u><b>Patient Profile</b></u> -High/low numbers of risky procedures on high risk patients (diabetics, trauma patients, children, sports medicine, athletic teams)	<b>0-25%</b>	<b>0-25%</b>
<u><b>Gaps in Coverage</b></u> -practicing without malpractice insurance	-----	<b>0-25%</b>
<u><b>Board Examiner (BE)/Medicare Actions</b></u> -negative outcomes at peer review or other disciplinary body activity	-----	<b>0-25%</b>
<u><b>Surgical Procedures</b></u> -high numbers of high risk surgical procedures	-----	<b>0-25%</b>

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
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**PO-IL-7**

**D. EXPERIENCE RATING – PROFESSIONAL LIABILITY**

Maximum debit, 50% / maximum credit, 15%

**DEBITS:**

Based on the claim history of an individual podiatrist over the preceding five-year period, a debit not to exceed 50% shall be applied to the podiatrist's rate. A chargeable loss is calculated by adding all loss payments and reserves (including defense costs) for a loss, minus the deductible applicable to that loss. Criteria used to determine the application of such debits follow:

			<u>Total of All Claims Amount</u>			
			<u>1 loss</u>	<u>2 losses</u>	<u>3 losses</u>	<u>4 losses</u>
\$0	-	\$3,000	1.05	1.10	1.15	1.20
\$3,001	-	\$10,000	1.10	1.15	1.20	1.25
\$10,001	-	\$20,000	1.15	1.20	1.25	1.30
\$20,001	-	\$30,000	1.20	1.25	1.30	1.35
\$30,001	-	\$40,000	1.25	1.30	1.35	1.40
\$40,001+			1.30	1.35	1.40	1.50

Debits will be adjusted each year, dependent upon annual review of claims experience.

**CREDITS:**

Credits not to exceed 15% will be applied (subject to the length of time insured by the company) based on the absence of claims over the preceding five-year period, according to the following schedule:

5+ years claim free = .85  
3-4 years claim free = .90  
0-2 years claim free = 1.00

**8. OPTIONAL MEDICARE/MEDICAID LEGAL EXPENSE REIMBURSEMENT COVERAGE – PROFESSIONAL LIABILITY**

Limit: \$30,000 per Action / \$30,000 Annual Aggregate Limit.

\$200 Charge – subject to modifiers.

**9. OPTIONAL MEDICAL WASTE LEGAL EXPENSE REIMBURSEMENT COVERAGE – PROFESSIONAL LIABILITY**

Limit: \$50,000 Per Suit / \$50,000 Annual Aggregate Limit.

No Charge.

**10. OPTIONAL NON-PHYSICIAN ASSISTANT COVERAGE – PROFESSIONAL LIABILITY**

\$100 Charge.

**11. VICARIOUS LIABILITY – Independent Contractors**

A. Podiatrist employed by insured: charge 10% of applicable company rate

B. Podiatrist engaged by insured as an independent contractor: charge 10% of the applicable company rate

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-8**

- C. Podiatrist practicing in offices where insured provides practice management services: charge 2.5% of the applicable company rate
- D. Podiatrists providing services on a "fee for service" based indemnity plan provided by the insured: charge 2.5% of the applicable company rate
- E. Podiatrists providing services as a "preferred provider" under an insurance plan provided by the insured: charge 5% of the applicable company rate
- F. Podiatrists providing services on a "capitated" basis under an insurance plan provided by the insured: charge 10% of the applicable company rate

Podiatrists in categories in categories A - F above who are insured by the company, charge is \$0.

Premium charges for podiatrists not insured by the company in categories A - F shall be multiplied by the full time equivalent factor of the time the podiatrist is or was practicing on behalf of the insured. For example, an independent contractor podiatrist who spends 60% of his time practicing on patients of the insured would be charged 60% of the rates developed by these rules.

Podiatrists in categories B - F who:

- 1: provide evidence of insurance coverage at limits equal to insured's - apply 25% credit to above premium charges
- 2: name the insured as an additional insured on their policy - apply 25% credit to above premium charges

**12. VICARIOUS LIABILITY – Extended Reporting Period for Entity (Corporation , Practice Owners)**

- A. If a podiatrist who has been either employed or engaged as an independent contractor by a group or practice leaves the group and has purchased Extended Reporting Period (tail) coverage or provides proof of coverage with another carrier, the group or practice owner may purchase a coverage for it's vicarious liability exposures from the departed podiatrist. A charge of:
  - 10% of the applicable tail premium for podiatrists who have departed within 12 months of policy inception;
  - 7.5% of the applicable tail premium for podiatrists who have departed more than 12 months up to and including 24 months prior to policy inception;
  - 5% of the applicable tail premium for podiatrists who have departed more than 24 months up to and including 36 months prior to policy inception;
  - 0% of the applicable tail premium for podiatrists who have departed more than 36 months prior to policy inception.
- B. If a podiatrist employed by a group or practice leaves without having purchased Extended Reporting Period (tail) coverage or does not provide proof of coverage with another carrier, the group or practice owner may purchase a coverage for it's vicarious liability exposures from the departed podiatrist A charge of:
  - 25% of the applicable tail premium for podiatrists who have departed within 12 months of policy inception;
  - 20% of the applicable tail premium for podiatrists who have departed more than 12 months up to and including 24 months prior to policy inception;
  - 15% of the applicable tail premium for podiatrists who have departed more than 24 months up to and including 36 months prior to policy inception;
  - 0% of the applicable tail premium for podiatrists who have departed more than 36 months prior to policy inception.

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-9**

**13. GROUP AFFILIATION CREDIT – PROFESSIONAL LIABILITY**

Risks with membership in an accredited podiatric society or organization will receive a 5% premium credit.

**14. GROUP POLICY DISCOUNT – PROFESSIONAL LIABILITY**

A single group practice policy issued to three or more insureds and generating a premium of at least \$15,000 shall be eligible for a premium discount determined by the following table:

Premium Before Discount	Factor
15,000 – 30,000	.940
30,001 – 50,000	.930
50,001 – 100,000	.910
100,000 +	Refer to Company

**15. SIZEABLE RISKS – PROFESSIONAL LIABILITY**

Risks developing annualized manual premium of \$50,000 for groups or healthcare providers may be (a) rated or require an Individual Risk Filing with the State Department of Insurance. Submit to Company for consideration.

**16. PROFESSIONAL SOCIETIES - PROFESSIONAL LIABILITY**

Professional Liability coverage may be provided to state or local societies or organizations established to support the podiatric professional community. A Component Society will not be covered unless the Insured Society has been issued a policy by the company. The following premiums will apply.

Organization:	Premium:
Insured Society	\$250
Component Society (Member of Ins. Society)	\$100

**17. PRIOR ACTS – PROFESSIONAL LIABILITY**

**Claims-Made Coverage**

To cover claims that are reported after termination of the prior claims-made policy, a podiatrist may choose to purchase coverage from us rather than buying "tail" coverage from the prior carrier. This "Prior Acts" (nose) coverage is available to podiatrists who have been insured by a claims-made policy immediately prior to the effective date of our policy and who did not purchase tail coverage from the prior insurer. The following procedure applies:

1. If our policy effective date falls on an anniversary of the Retroactive Date, the claims-made year for rating purposes is the number of consecutive years of claims-made coverage plus one.
2. If our policy effective date does not fall on an anniversary of the Retroactive Date, a short-term policy will be issued whose expiration date is the next anniversary of the Retroactive Date. The claims-made year is the number of prior consecutive years of claims-made coverage rounded up to the next whole year. The short-term policy premium is the prorated premium for that claims-made year.

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM      PO-IL-10**  
**RATES AND RULES - ILLINOIS**

**Example:** A podiatrist terminates coverage with the prior carrier and requests Prior Acts coverage from the Company. A policy effective date of 6-1-95 and a Retroactive Date of 1-1-93 are requested. The premium charge would be the third-year claims-made premium, prorated for the short term (6-1-95 to 1-1-96). On 1-1-96 a fourth year claims-made policy would be issued at the fourth year claims-made rate.

**18. EXTENDED REPORTING PERIOD (TAIL)**

- A. A podiatrist who is insured on a claims-made policy and whose policy terminates for any reason may elect to buy coverage for claims which are reported after his or her policy ends. The premium for the Extended Reporting Period (tail) endorsement shall be 200% of the expiring annual premium.
- B. A podiatrist who retires and leaves the Company before the free tail is available may purchase a tail at a reduced cost by applying the appropriate factor to the ERP premium shown in the rate pages as follows:

<u>Years with the Company</u>	<u>Vesting Factor</u>
0	1.00
1	.80
2	.60
3	.40
4	.20
5	FREE

- C. If no Extended Reporting Period is purchased by the policyholder, a Basic Extended Reporting Period of sixty (60) days is automatically provided without charge subject to the specific terms and conditions outlined in the Extended Reporting Period Coverage section of the policy form.

**19. ADDITIONAL INSURED – AVAILABLE ON PROFESSIONAL & BUSINESS LIABILITY COVERAGE FORMS**

Managers or Lessors of Premises -	No Charge
Leased Equipment-	No Charge
Designated Person or Organization:	
A – Non Professional Persons/Organizations	2% of Modified Premium
B – Professional Persons/Organizations	15% of Modified Premium
C – Name on Door	\$100 flat charge

**20. A. EMPLOYMENT PRACTICES LIABILITY – PROFESSIONAL LIABILITY**

Optional coverage for Employment Practices Liability is available.

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
RATES AND RULES - ILLINOIS**

**PO-IL-11**

**B. OPTIONAL EMPLOYMENT PRACTICES LIABILITY COVERAGE RATES**

**1. Employment Practices Liability:**

Each Claim / Annual Aggregate Limits

<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>
\$50	\$125	\$225

**21. LEAVE OF ABSENCE – PROFESSIONAL LIABILITY**

(Parenting, Health, Extended Office Closure, Education, Military)

The policy expiration date may be extended for up to 12 months at no additional charge. Minimum leave is 30 days; maximum is one year except for education leave. No professional liability exposure permitted during leave of absence. Leave of absence will not be considered as consecutive years of insurance to qualify for free retirement reporting provision.

**Example:** A podiatrist has Second Year claims-made rate and a Leave of Absence extends coverage for 12 months. The podiatrist returns to practice and is rated as Third Year. Had this podiatrist not taken a Leave of Absence, the Fourth Year rate would have applied.

**22. LOCUM TENENS – PROFESSIONAL LIABILITY**

Coverage for a substitute podiatrist (120 day maximum).

**23. RESIDENCY / PRECEPTORSHIP COVERAGE – PROFESSIONAL LIABILITY**

Coverage for a resident or preceptor providing professional services in an approved CPME (Council on Podiatric Medical Education) training program will be able to purchase a policy to cover their professional liability exposure with Limits of Insurance of \$1,000,000/\$3,000,000 written on a claims-made basis with an Extended Reporting Period provided at no additional cost.

Flat Charge:           \$ 1,000

**24. DEFINITIONS FOR CLAIMS-MADE POLICIES**

- a. Base Rates
  - First Year           - A podiatrist in day 1 - 182 days of claims made coverage.
  - Second Year       - A podiatrist in day 183 - 547 of claims made coverage.
  - Third Year          - A podiatrist in day 548 - 912 of claims made coverage.
  - Fourth Year        - A podiatrist in day 913 - 1277 of claims made coverage.
  - Mature            - A podiatrist in day 1278 and beyond of claims made coverage.
- b. Extended Reporting Period (Tail)
  - One Year Prior     - Tail coverage taking effect after the first 182 days of claims-made coverage.
  - Two Years Prior   - Tail coverage taking effect after day 183 – 547 days of claims-made coverage.
  - Three Years Prior - Tail coverage taking effect after 548 - 912 days of claims-made coverage.
  - Four Years Prior  - Tail coverage taking effect after 913 - 1277 days of claims-made coverage.
  - Mature            - Tail coverage taking effect after 1278 days of claims-made coverage.

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM      PO-IL-12**  
**RATES AND RULES - ILLINOIS**

**25. CLASSIFICATION GUIDE – PROFESSIONAL LIABILITY**

Coverage for Podiatrist Professional Liability is offered for Class 1, Class 2, and Class 3 as defined below.

**Class 1:**

Practice of Podiatry including non-surgical procedures. Less than 5% invasive surgery on the bone, tendon or capsule.

**Class 2:**

Practice of Podiatry including minor surgery. Performs 10% or less ankle, leg or rear foot tendon surgery and 30% or less other osseous surgery.

**Class 3:**

Practice of Podiatry including all surgeries.

**26. ERISA FIDUCIARY LIABILITY – BUSINESS LIABILITY**

Coverage is available for negligent acts or omissions in the management of ERISA funds.

Flat Charge: \$132.

**27. EMPLOYEE BENEFITS LIABILITY – BUSINESS LIABILITY**

Coverage is available for negligent acts or omissions in the Administration of Employee Benefits Programs.

	<b>Limit</b>
<b>Charge</b>	<b>Ea. Claim/Annual Agg.</b>
\$25	\$ 300,000
\$30	\$ 500,000
\$50	\$ 1,000,000
\$60	\$ 2,000,000

**28. OPTIONAL EMPLOYEE DISHONESTY / ERISA COVERAGES**

**A. EMPLOYEE DISHONESTY**

Determine the number of employees, and the Employee Dishonesty limit desired. Apply the flat rate from the table below, and for each employee over 5, add the additional charge per employee from the Table below.

<b>Employee Dishonesty</b>		<b>Each Employee over 5</b>
Limit:	Charge:	Charge per employee:
\$25,000	No Charge	No Charge
\$50,000	\$100	\$7
\$100,000	\$200	\$15
\$250,000	\$350	\$25

**B. ERISA Compliance Endorsement.**

Provided at no charge at option of insured. Coverage for theft of funds.

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**PODIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM  
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**PO-IL-13**

**RATING RULES**

**29. ANNUAL PERIOD – APPLICABLE TO ALL COVERAGES**

All rates and premium referred to in this program are for an annual period.

**30. PREMIUM ADJUSTMENTS – APPLICABLE TO ALL COVERAGES**

Premium adjustments involving an additional premium or renewal premium of \$15 or less shall be waived except a return premium due, if requested by the insured, shall be granted.

**31. ROUNDING RULE – APPLICABLE TO ALL COVERAGES**

All premiums shown on the policy and endorsements will be rounded to the nearest whole dollar. A premium of \$ .50 or more will be rounded to the next highest whole dollar.

**32. LOCATION OF PRACTICE – APPLICABLE TO PROFESSIONAL LIABILITY COVERAGE**

The rates contemplate 50% or greater exposure derived from professional practice within the rating state. Podiatrists with exposures outside the rating state are acceptable if the rating state criteria are met.

**33. CANCELLATION OF POLICY – APPLICABLE TO ALL COVERAGES**

If the policy is canceled, the return premium will be 100% of the pro rata unearned premium.

**34. SHORT TERM PREMIUM CALCULATIONS – APPLICABLE TO ALL COVERAGES**

Premiums for periods of less than one full year of coverage will be the pro rata portion for that year.

**35. PREMIUM PAYMENT INSTALLMENTS**

A quarterly installment premium payment plan shall be offered as follows:

1. For annual premiums up to and including \$80,000: (a) an initial payment equal to 40% of the premium due at policy inception; and (b) a second, third and fourth payment equal to 20% of the premium due 3, 6 and 9 months from policy inception, respectively; and
2. For premiums in excess of \$80,000: (a) an initial payment equal to 25% of the premium due at policy inception; and (b) a second, third and fourth payment equal to 25% of the premium due 3, 6 and 9 months from policy inception, respectively.

Additional premium resulting from changes to the policy shall be spread over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy shall be billed immediately as a separate transaction. No interest charges or installment fees will be charged.

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RATES AND RULES - ILLINOIS**

**PO-IL-14**

**PROFESSIONAL LIABILITY STATE RATES**

**TERRITORY 1 (COOK COUNTY)**

**1. BASE RATES – PROFESSIONAL LIABILITY**

COVERAGE TYPE	Limits of Insurance (\$000) Professional Liability, Each Claim/Annual Aggregate		
	Class 1 100/300	Class 2 100/300	Class 3 100/300
CLAIMS-MADE:			
First Year	\$2,154	\$4,314	\$5,752
Second Year	\$3,505	\$7,010	\$9,347
Third Year	\$4,314	\$8,627	\$11,504
Fourth Year	\$4,961	\$9,922	\$13,229
Mature	\$5,392	\$10,784	\$14,379

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RATES AND RULES - ILLINOIS**

**PO-IL-15**

**PROFESSIONAL LIABILITY STATE RATES**

**TERRITORY 2 (DUPAGE, WILL AND LAKE COUNTIES)**

**1. BASE RATES – PROFESSIONAL LIABILITY**

COVERAGE TYPE	Limits of Insurance (\$000) Professional Liability, Each Claim/Annual Aggregate		
	Class 1 100/300	Class 2 100/300	Class 3 100/300
CLAIMS-MADE:			
First Year	\$1,574	\$3148	\$4,198
Second Year	\$2,558	\$5116	\$6,821
Third Year	\$3,148	\$6296	\$8,395
Fourth Year	\$3,620	\$7241	\$9,655
Mature	\$3,936	\$7871	\$10,494

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**TERRITORY 3 (REMAINDER OF STATE)**

**1. BASE RATES – PROFESSIONAL LIABILITY**

COVERAGE TYPE	Limits of Insurance (\$000) Professional Liability, Each Claim/Annual Aggregate		
	Class 1 100/300	Class 2 100/300	Class 3 100/300
CLAIMS-MADE:			
First Year	\$1,322	\$2,644	\$3,526
Second Year	\$2,148	\$4,297	\$5,729
Third Year	\$2,644	\$5,289	\$7,051
Fourth Year	\$3,040	\$6,082	\$8,109
Mature	\$3,306	\$6,611	\$8,814

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